

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Waldrep/Liggett</i>	DATE <i>12-6-12</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000166</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, Singleton, Deps, CMS file</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

## Jan Polatty

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**To:** Deirdra Singleton; Melanie Giese; Roy Hess; SAM WALDREP; Ruth Johnson; John Supra; Byron Roberts; Bryan Kost  
**Cc:** Annmarie McCanne; Janet Bell; Michele Johnson; Lauren Young; Marie Brown; Brenda James  
**Subject:** FW: Coverage and Service Design Opportunities for Individuals with Mental Illness and Substance Use Disorders  
**Attachments:** CIB-12-03-2012.pdf

FYI – Brenda will log for us. Thanks, Jan.

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**From:** Centers for Medicare & Medicaid Services [<mailto:cmslists@subscriptions.cms.hhs.gov>]

**Sent:** Monday, December 03, 2012 4:35 PM

**To:** Jan Polatty

**Subject:** Coverage and Service Design Opportunities for Individuals with Mental Illness and Substance Use Disorders



The purpose of this CMCS Informational Bulletin is to provide information regarding services and good practices for individuals with a behavioral health disorder<sup>1</sup>. The Centers for Medicare & Medicaid Services (CMS) is encouraged with the increased interest by states to develop effective strategies for developing benefit designs for this population<sup>2</sup>. Many states have included behavioral health services for these individuals in the state plans and various Medicaid managed care waivers. More recently, states are considering or have taken advantages of new opportunities offered through the health Home program, Money Follows the Person program, Balancing Incentive Program and the revised section 1915(i) Home and Community Based Services state plan option. Looking forward, states will have more opportunities to develop good benefit design as a result of the Mental Health Parity and Addictions Equity Act (MHPAEA) and benchmark plan for individuals in the Medicaid expansion population. Given this interest, we are releasing a series of Informational Bulletins that will provide additional information regarding services and supports to meet the health, behavioral health and long term services and support needs of individuals with mental health or substance use disorders.

For more information, please see the attached.

Centers for Medicare & Medicaid Services (CMS) has sent this update. To contact Centers for Medicare & Medicaid Services (CMS) go to our [contact us](#) page.

- [CIB-12-03-2012.pdf](#)

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This e-mail was sent to [polatty@scdhhs.gov](mailto:polatty@scdhhs.gov) using GovDelivery, on behalf of the Centers for Medicare & Medicaid Services (410-786-5473) · 7500 Security Boulevard · Baltimore MD 21244



**Center for Medicaid and CHIP Services**

***CMCS Informational Bulletin***

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**DATE:** December 3, 2012

**FROM:** Cindy Mann, Director  
Center for Medicaid and CHIP Services (CMCS)

**SUBJECT:** Coverage and Service Design Opportunities for Individuals with Mental Illness and Substance Use Disorders

The purpose of this CMCS Informational Bulletin is to provide information regarding services and good practices for individuals with a behavioral health disorder<sup>1</sup>. The Centers for Medicare & Medicaid Services (CMS) is encouraged with the increased interest by states to develop effective strategies for developing benefit designs for this population<sup>2</sup>. Many states have included behavioral health services for these individuals in the state plans and various Medicaid managed care waivers. More recently, states are considering or have taken advantages of new opportunities offered through the health Home program, Money Follows the Person program, Balancing Incentive Program and the revised section 1915(i) Home and Community Based Services state plan option. Looking forward, states will have more opportunities to develop good benefit design as a result of the Mental Health Parity and Addictions Equity Act (MHPAEA) and benchmark plan for individuals in the Medicaid expansion population. Given this interest, we are releasing a series of Informational Bulletins that will provide additional information regarding services and supports to meet the health, behavioral health and long term services and support needs of individuals with mental health or substance use disorders.

**Background**

There are several major drivers that are influencing CMS's decision to develop this guidance regarding individuals with behavioral health disorders. These drivers will impact state decisions to review and revise their benefit design.

- Medicaid is the largest payer for mental health services in the United States, comprising 27 percent of all expenditures for mental health services. As a result, Medicaid coverage policy can have a significant impact on the health of this population as well as the quality and costs of both health and behavioral health services.
- Individuals with mental health disorders represent almost 11 percent of the individuals enrolled in Medicaid and represent almost 30 percent of all Medicaid expenditures. It is anticipated that 14 percent of the individuals who are uninsured and have incomes below 133 percent of the Federal Poverty Line may have a substance use disorder<sup>3</sup>.

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<sup>1</sup> For the purposes of this series a behavioral health disorder is defined by Substance Abuse and Mental Health Services Administration (SAMHSA) as mental and substance use disorder.

<sup>2</sup> For the purposes of this series of bulletins benefit design is defined as the amount, scope and duration of services as well as other important characteristics of delivering a specific service(s).

<sup>3</sup> : <http://www.samhsa.gov/enrollment/states.aspx#estimates>

- Individuals with a behavioral health disorder utilize significant health care services. Nearly 12 million visits made to U.S. hospital emergency departments in 2007 involved individuals with a mental disorder, substance abuse problem, or both, according to *News and Numbers*<sup>4</sup>, Agency for Healthcare Research and Quality. These visits account for one in eight of the 95 million visits to emergency departments by adults that year. Almost a quarter of hospital admissions are associated with a mental or substance use disorder.
- Access to Medicaid coverage can help beneficiaries get access to the care and services they need for their substance use disorder, reduce ER visits and hospital visits and better manage their condition. Providing effective substance abuse treatment to Medicaid recipients have been shown to offset their medical costs by 20 percent<sup>5</sup>.
- Early identification and intervention of mental health and substance use disorders are critical for children, youth and adults. Almost eight percent of youth 12-17 in the Medicaid/CHIP program had a major depressive disorder in 2009<sup>6</sup>. This number is significantly higher for youth in child welfare (18.1 percent). American Indian/Alaska Native youth have almost three times the rate of suicide than the general population.
- Newly developed CMS policies and programs support states' efforts to rebalance and reform their service delivery system, especially for individuals with behavioral health issues. In addition, new policies regarding home and community based settings will positively impact the housing options for individuals with behavioral health conditions. These policies and programs are in part a response to the United States Department of Justice (DOJ) efforts under the American with Disabilities Act to ensure meaningful community integration for people with disabilities, and state compliance with the Supreme Court decision in *Olmstead vs. LC*.
- Recent legislation (the Children's Health Insurance Reauthorization Act and section 2701 of the Affordable Care Act) requires the Secretary to identify core quality measures to be used for children and adults that participate in the CHIP and Medicaid program. Initial measures include screening for depression and follow up after hospitalization for mental illness. In addition, four key quality measurement projects are currently underway in Home and Community Based Services (HCBS) programs. The projects test a variety of measurement sets that address quality of life, health, satisfaction, impact of program design, and system balancing.

### **Principles and Goals for Coverage of Individuals with Mental and Substance Use Disorders**

There is a generally accepted set of principles regarding behavioral health that may guide the development of new and existing services. We believe that these general principles can apply to provision of behavioral health services and cross the lifespan of individuals who need and use these services. At a minimum, these principles recognize that:

- Identifying and treating mental illness and substance use disorders is essential to improving overall health.

<sup>4</sup> Owens P.L., Mutter R., Stocks C. *Mental Health and Substance Abuse-Related Emergency Department Visits among Adults, 2007*. HCUP Statistical Brief #92. July 2010. Agency for Healthcare Research and Quality, Rockville, MD. <http://www.hcup-us.ahrq.gov/reports/statbriefs/sb92.pdf>

<sup>5</sup> State of Colorado, Department of Health Care Policy and Financing, Medicaid Outpatient Substance Abuse Treatment Benefit, Performance Audit, November 2010, p.2

<sup>6</sup> Mental Health, United States, 2010, US Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, p.105

- Services and programs should be person-centered and support health, recovery and resilience for individuals and their families who experience mental or substance use disorders.
- Individuals and families should have choice and control over all aspects of their life, including their mental health and substance use disorder services.
- Benefit designs should be cost effective and seek to reduce costs across the health care system for unnecessary services.
- Services should be of high quality and consistent with clinical guidelines, evidence-based practices or consensus from the clinical and consumer communities.
- Services should maximize community integration.

To effectively implement these principles, CMS has developed some initial goals that will direct our internal work to support effective benefit design for individuals with behavioral health disorders.

These goals include:

- Effective use of screening for mental and substance use disorders, including strategies to refer and effectively treat individuals with these conditions.
- Increased access to behavioral health services for persons with serious and/or chronic disorders.
- Improved integration of primary care and behavioral health, and in some instances, long term services and support to obtain better health outcomes for individuals with mental and substance use disorders.
- Better availability of Evidenced Based Practices to enhance recovery and resiliency and reduce barriers to social inclusion.
- Strategic development, implementation and testing of new benefit design and service delivery with models that are taken to scale.

### Resources for States

CMS has identified existing and, in cooperation with our federal partners, is developing new resources for states seeking to enhance their efforts to address the service need of individuals with mental and substance use disorders. These resources seek to support states in their efforts to improve benefit design, comply with MHPAEA, develop community integration strategies and coordinate behavioral health care with primary care and other services.

### Supporting an Effective Benefit Design

CMS is working closely with other federal partners including the Administration on Children, Youth and Families (ACYF) and the Substance Abuse and Mental Health Services Administration (SAMHSA) to identify effective practices for individuals with behavioral health conditions. Over the past several years, these agencies have developed guidance regarding these practices. In November of 2011, ACYF, SAMHSA and CMS disseminated a letter on the appropriate use of anti-psychotic

medication among children in foster care. This guidance offered expanded opportunities to States to strengthen their systems for prescribing and monitoring psychotropic medication use among children in foster care. This guidance can be found at <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SMD-11-23-11.pdf>

These three agencies coordinated a technical expert panel on effective services and supports for children and youth in treatment foster care settings. The recommendations from this panel will be available in 2013.

In 2010 SAMHSA released a brief describing a “good and modern” mental health and substance abuse system. This document sought to provide clarity to federal agencies (including CMS) that regulate or purchase services for individuals with mental and substance use disorders and offer guidance to agencies that are presently making decisions about expanding services to these populations. This may be helpful in rethinking or constructing a benefit design that includes good practices. This guidance can be found at [http://www.samhsa.gov/healthReform/docs/good\\_and\\_modern\\_4\\_18\\_2011\\_508.pdf](http://www.samhsa.gov/healthReform/docs/good_and_modern_4_18_2011_508.pdf).

#### Mental Health Parity and Addiction Equity Act

CMS has released guidance to States regarding the Mental Health Parity and Addiction Equity Act (MHPAEA). This State Health Official letter can be found at <http://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SHO110409.pdf>.

Over the past several years the Departments of Labor, Treasury and Health and Human Services have developed additional guidance regarding MHPAEA. While focused on commercial group plans, it provides some useful background information and additional guidance to clarify the 2010 MHPAEA regulations. The Department of Labor’s Website also provides up to the date information including a series of frequently asked questions that provides additional guidance regarding parity: [http://www.dol.gov/ebsa/consumer\\_info\\_health.html](http://www.dol.gov/ebsa/consumer_info_health.html).

SAMHSA’s Resource Guide: <http://www.samhsa.gov/healthReform/parity> also provides information that may be helpful to understand MHPAEA.

#### Community Integration

CMS has taken several important steps to enhance efforts to integrate individuals with disabilities, including individuals with a mental or substance use disorders into home and community settings. In addition, we are working closely with DOJ, and other HHS agencies to recommend effective strategies for addressing issues related to the Supreme Court’s Olmstead ruling. This includes participation in SAMHSA’s Olmstead Policy meeting and offering technical assistance in cooperation with the Department of Housing and Urban Development to states specific to community integration. This technical assistance includes supporting states to develop strategies to assure home and community-based services are offered in settings that comport with the characteristics described in the 1915(i) and Community First Choice (CFC) program. A description of these characteristics can be found on page 105 of the Notice of Proposed Rule Making for the CFC and 1915(i) program <https://s3.amazonaws.com/public-inspection.federalregister.gov/2012-10294.pdf>. In addition, the DOJ provides an overview of the Olmstead ruling and questions and answers regarding DOJ’s integration enforcement efforts at [http://www.ada.gov/olmstead/q&a\\_olmstead.pdf](http://www.ada.gov/olmstead/q&a_olmstead.pdf).

### Integration of Physical and Behavioral Health

Strategies to integrate primary care and behavioral health services are paramount to improving the lives of individuals who suffer from depression, addiction and other chronic diseases. In addition, better coordination between hospitals, primary care and behavioral health providers can address the increasing trend of individuals at risk of suicide. There are many resources available that can improve the coordination between primary and behavioral health care. For instance, the Center for Health Care Strategies is the federal contractor providing information and technical assistance to states in their development of health homes and strategies for coordinating care for Medicare and Medicaid beneficiaries. Additional information can be found at <http://www.integratedcareresourcecenter.com>.

### Applicability for CMS Programs

There are a variety of current and new coverage options that States may use to cover behavioral health services. Traditionally States have amended their Medicaid State Plans to make changes to their benefit design. However, over the past several years, CMS has new authorities that can also address the physical, behavioral and long term services and supports needs for individuals living with a mental health and/or substance use disorder. A brief description of options to cover these individuals is presented available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Mental-Health-Services-.html>.

### Sequencing of Subsequent Bulletins

Over the next year, CMS will distribute a series of informational bulletins that will provide further information regarding service coverage for individuals with mental illness and/or substance use disorder. The series will address:

- Prevention and early intervention of mental health conditions for children, youth and adults. This will include information regarding screens that can be used to identify the early onset of mental illness (including conditions related to trauma and suicide) or substance use, including strategies for enhancing states' efforts to comply with EPSDT requirements. This bulletin will also discuss strategies for screening, brief intervention and referral to treatment as well as other preventive services recommended by the United States Prevention Services Task Force regarding recommended screening to identify possible behavioral health issues.
- Adolescents and adults who use alcohol and illicit drugs. This bulletin will provide information on services that have been recommended by SAMHSA and other federal agencies to address individuals who need short term treatment as well as individuals who have an addictive disorder that need more long term services and supports.
- Benefit design for children and adolescents with significant mental health issues, including serious emotional disturbances. Information in this bulletin will describe effective benefit design for individuals who have acute mental health issues including exposure to trauma. The bulletin will also include long term services and supports that have been used in the 1915(c) HCBS, 1915(b) waiver programs and various CMS demonstration including the Psychiatric Residential Treatment Facilities Demonstration and Money Follows the Person. Another bulletin will address the structure coverage and payment for the benefit category of inpatient psychiatric hospital or facility services for individuals under age 21 to ensure that children receiving this benefit obtain all services necessary to meet their medical, psychological, social, behavioral and developmental needs, as identified in a plan of care.



- Service coverage for adults with a significant mental health condition. This will include individuals who have a serious and persistent mental illness, especially those individuals that have significant health and mental health co-morbidities.

We hope this information will be helpful. CMS is available to provide technical assistance to States regarding the Medicaid program for individuals with a behavioral health condition. Questions regarding this guidance can be directed to John O'Brien at (410) 786-5529. We look forward to continuing our work together.